

FUND DETAILS

The African Local Currency Bond (ALCB) Fund

Founding: December 2012 by KfW, the German development bank, on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ)

Mission: To support non-sovereign entities issue bonds and similar instruments in local markets

Objective: To improve and diversify access to long term funding in local currency and to support the development of African capital markets by creating opportunities for local African issuers, investors and intermediaries

ALCB Fund Impact

TO ISSUERS

- Acts as Anchor Investor for up to USD 5 million per investment in local currency issuances that meet the eligibility criteria
- Co-invest along-side local institutions
- Encourages funding diversification
- Reduces FX, maturity risk & interest rate mismatches
- Technical Assistance

TO LOCAL MARKETS

- **Connects** issuers, investors (pension funds, asset managers) and intermediaries (investment banks & legal advisers) to channel long-term savings into the real economy
- **Supports** local market transparency through publicly listed bonds and institutional ratings
- **Encourages** innovative new local market transactions
- **Creates** economic opportunity for lower-income households and MSMEs, by facilitating sustainable private-sector borrowing for developmental sectors



Target Transactions

GEOGRAPHY

All African countries with a conducive investment environment, which may be demonstrated by a minimum legal and regulatory framework for local currency bonds and interested local investors.

ISSUERS

The Fund only invests in non-sovereign entities (financial institutions & corporates) who are first time bond issuers, or are conducting an innovative transaction in a local context (e.g. public listing, longer tenor, securitization etc.). Eligibility criteria include, but are not limited to, entities that demonstrate successful commercial development over 3 years, have sound financial results and have a healthy capital basis, allowing for further debt leverage.

SECTORS

The Fund's ultimate beneficiaries are Micro, Small and Medium Enterprises (MSMEs) and lower income households and bond proceeds must be used in developmental sectors. These include activities in financial inclusion (MSME lending and housing finance), healthcare, education, green/renewable energy and agriculture.

Technical Assistance Facility

The Fund's Technical Assistance Facility (ALCB Fund TAF) provides a pool of resources to ensure bankable deals come to market.

Technical assistance is carried out by specialised bond market experts, who are selected through a transparent and competitive bidding process.

TAF support can include:

SMART CERTIFICATION & SOCIAL RATINGS

Ensuring financial institutions are compliant with the Client Protection Principles

DEAL SPECIFIC SERVICES

Credit ratings, legal support and financial advice

TRANSACTION COST COVERAGE

Covers costs for regulatory filings and bond roadshows

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KFW



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FUND & TAF MANAGER



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